

February 16, 2015

Facilities	Amount (Rs. Crore)	Rating
Packing Credit*	6.00	SMERA A4 (Assigned)
Letter of Credit	2.25	SMERA A4 (Assigned)
Standby Limit	1.20	SMERA A4 (Assigned)

\*Includes Post Shipment Credit as a sublimit to the extent of Rs.1.00 crore

SMERA has assigned a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.9.45 crore bank facilities of Indigo Collections Private Limited (ICPL). The rating is constrained by the company's small-scale operations, high leverage and moderate debt coverage indicators. The rating is also constrained by the company's exposure to intense competition in the textile industry. However, the rating is supported by the company's experienced management and reputed clientele.

ICPL, established in 2005, is a Gurgaon-based company engaged in manufacturing and export of readymade garments for women and children. ICPL has small-scale operations marked by revenues of Rs.28.01 crore in FY2013–14 (refers to financial year, April 01 to March 31). The company's leverage is high at 4.85 times as on March 31, 2014. ICPL's interest coverage ratio is moderate at 1.50 times in FY2013–14.

ICPL faces intense competition from several players in the unorganized sector of the readymade garments industry.

ICPL benefits from its experienced management. Mrs. Upma Chandra, managing director of ICPL, has around 20 years of experience in the company's line of business. ICPL caters to several reputed customers including CALAO Espeliego, Guess Services, DAPM, RNA Group, Zara and Billa Bong.

### About the company

ICPL, established in 2001, is a Gurgaon-based company promoted by Ms. Upma Chandra. ICPL is engaged in manufacturing and export of garments for women and children. The company caters to customers in USA, Europe and UAE.

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For FY2013-14, ICPL reported profit after tax (PAT) of Rs.0.11 crore on operating income of Rs.28.01 crore, as compared with PAT of Rs.0.36 crore on operating income of Rs.29.88 crore in the previous year. The company's net worth stood at Rs.2.91 crore as on March 31, 2014, as compared with Rs.2.80 crore a year earlier.

<b>Media / Business Development</b>	<b>Analytical Contacts</b>	<b>Rating Desk</b>
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: <a href="mailto:ashutosh.satsangi@smera.in">ashutosh.satsangi@smera.in</a>	Tel: +91-22-6714 1170 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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